

Condensed Interim Report

31 December 2023



Westlawn
INCOME FUND

ARSN 639 742 288

Responsible Entity
Westlawn Financial Services Limited ACN 141 420 920 AFSL No. 518648

Westlawn Income Fund

Directors' report

31 December 2023

The directors of Westlawn Financial Services Limited ('Responsible Entity') as Responsible Entity of the Westlawn Income Fund ('Fund') present their report together with the Financial Report of the Fund for the half-year ended 31 December 2023.

Directors

The following persons were directors of the Responsible Entity during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Mark Charles Dougherty
 Geoffrey Dean Scofield
 Andrew Harry Hayes
 Andrew Douglas Bennett
 James William Dougherty (resigned 29/09/2023)

Principal activities

During the financial half-year the principal continuing activities of the Fund was to offer individual investors the opportunity to combine their funds with other investors to collectively invest in interest bearing financial assets as described in the current Product Disclosure Statement (PDS).

The Fund's investment objective is to generate returns for investors through investing in various debt instruments which provide fixed interest returns.

The fund did not have any employees during the financial half-year.

Managed investment scheme

The Fund is a managed investment scheme registered by the Australian Securities and Investments Commission in accordance with the Corporations Act 2001. The Fund was established on 24 March 2020 and issued its first offer document on 4 December 2020.

Distributions

Distributions paid during the financial half-year were as follows:

	31 December 2023 \$	31 December 2022 \$
Monthly distributions paid or payable for the half-year ended 31 December 2022	-	680,877
Monthly distributions paid or payable for the half-year year ended 31 December 2023	1,019,594	-
	<u>1,019,594</u>	<u>680,877</u>

Review of operations

The profit for the Fund amounted to \$nil (31 December 2022: \$nil).

The following table summarises the amount distributed and weighted average annual percentage rate for each Class of Units on issue during the half-year:

Class of Units	31 December 2023 \$	31 December 2023 Weighted average %	31 December 2022 \$	31 December 2022 Weighted average %
Class 6M (retail)	33,625	5.04%	-	-
Class 12M (retail)	69,731	5.47%	-	-
Class 24M (retail)	769,841	6.00%	590,080	4.88%
Class 2M (wholesale)	12,055	5.00%	-	-
Subordinated 24M (wholesale)	<u>134,342</u>	<u>7.00%</u>	<u>90,797</u>	<u>4.88%</u>
	<u>1,019,594</u>		<u>680,877</u>	

The Fund issued its first Product Disclosure Statement (PDS) on 11 November 2020 at which time it commenced operations.

Westlawn Income Fund
Directors' report
31 December 2023

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Fund during the financial half-year.

Matters subsequent to the end of the financial half-year

No matter or circumstance has arisen since 31 December 2023 that has significantly affected, or may significantly affect the Fund's operations, the results of those operations, or the Fund's state of affairs in future financial years.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors


Mark Charles Dougherty
Chairman

6 March 2024

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the interim financial report of Westlawn Income Fund for the half-year ended 31 December 2023, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (a) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (b) any applicable code of professional conduct in relation to the review.

Dated at Robina this 6th day of March 2024.

THOMAS NOBLE & RUSSELL
CHARTERED ACCOUNTANTS

Per:



.....
R A WATKINSON (Partner)
Registered Company Auditor

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Westlawn Income Fund
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2023

	Note	31 December 2023 \$	31 December 2022 \$
Income			
Interest income	3	1,484,901	1,115,342
Non interest income	4	26,251	850
Total income		<u>1,511,152</u>	<u>1,116,192</u>
Expenses			
Compliance expenses		(31,576)	(26,932)
Custody fees		(7,919)	(7,500)
Investment manager fees		(228,811)	(195,749)
Other expenses		(12,758)	(29,463)
PDS Costs		-	(1,804)
Registry expenses		(14,855)	(15,584)
Remuneration of auditors		(13,800)	(12,588)
Responsible entity fees		<u>(181,839)</u>	<u>(145,695)</u>
Total expenses		<u>(491,558)</u>	<u>(435,315)</u>
Net profit attributable to Unitholders (before finance costs)		1,019,594	680,877
Distributions to Unitholders paid/payable	12	<u>(1,019,594)</u>	<u>(680,877)</u>
Profit for the half-year attributable to the Unitholders of Westlawn Income Fund		-	-
Other comprehensive income for the half-year		<u>-</u>	<u>-</u>
Total comprehensive income for the half-year attributable to the Unitholders of Westlawn Income Fund		<u>-</u>	<u>-</u>

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Westlawn Income Fund
Statement of financial position
As at 31 December 2023

	Note	31 December 2023 \$	30 June 2023 \$
Assets			
Cash and cash equivalents	5	5,811,184	12,074,520
Trade and other receivables	6	13,505	33,772
Other	7	38,347	38,801
Loans and advances at amortised cost	8	12,544,790	15,280,795
Other financial assets	9	<u>16,504,455</u>	<u>10,700,000</u>
Total assets		<u>34,912,281</u>	<u>38,127,888</u>
Liabilities			
Trade and other payables	10	<u>1,328,568</u>	<u>1,219,175</u>
Total liabilities		<u>1,328,568</u>	<u>1,219,175</u>
Net assets attributable to Unitholders (Liability)	11,13	<u>33,583,713</u>	<u>36,908,713</u>

The above statement of financial position should be read in conjunction with the accompanying notes

Westlawn Income Fund
Statement of changes in equity
For the half-year ended 31 December 2023

The Fund's net assets attributable to Unitholders are classified under AASB 132 Financial Instruments: Presentation as a liability rather than equity.

As the Fund has no equity, there are no items included in the Statement of Changes in Equity for the period or comparative period.

The above statement of changes in equity should be read in conjunction with the accompanying notes

Westlawn Income Fund
Statement of cash flows
For the half-year ended 31 December 2023

	Note	31 December 2023 \$	31 December 2022 \$
Cash flows from operating activities			
Payments to suppliers and employees (inclusive of GST)		(239,136)	(275,821)
Interest received		1,485,356	1,107,906
Other revenue		26,250	866
Net cash from operating activities		<u>1,272,470</u>	<u>832,951</u>
Cash flows from investing activities			
Payments for investments		(18,172,405)	(2,745,000)
Net loans repaid/(funded)		2,736,005	(8,210,409)
Proceeds from disposal of investments		12,367,950	-
Net cash used in investing activities		<u>(3,068,450)</u>	<u>(10,955,409)</u>
Cash flows from financing activities			
Proceeds from applications		6,190,000	1,325,000
Payments for redemptions	13	(9,625,000)	-
Distributions paid		(1,032,356)	(643,836)
Net cash from/(used in) financing activities		<u>(4,467,356)</u>	<u>681,164</u>
Net decrease in cash and cash equivalents		(6,263,336)	(9,441,294)
Cash and cash equivalents at the beginning of the financial half-year		<u>12,074,520</u>	<u>10,984,720</u>
Cash and cash equivalents at the end of the financial half-year	5	<u>5,811,184</u>	<u>1,543,426</u>

The above statement of cash flows should be read in conjunction with the accompanying notes

Westlawn Income Fund
Notes to the financial statements
31 December 2023

Note 1. General information

The financial statements cover Westlawn Income Fund (the Fund) as an individual reporting entity. The financial statements are presented in Australian dollars, which is the Fund's functional and presentation currency.

The Fund is constituted by deed (the Constitution) dated 12 March 2020, as amended. The Fund issued its first Product Disclosure Statement (PDS) on 4 December 2020 at which time it commenced operations.

The Fund is domiciled and registered in Australia.

The Responsible Entity of the Fund is Westlawn Financial Services Limited ('Responsible Entity'), which has its registered office and principal place of business at:

22 Queen Street, Grafton NSW 2460

A description of the nature of the Fund's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 6 March 2024. The directors have the power to amend and reissue the financial statements.

Note 2. Material accounting policy information

These general purpose financial statements for the interim half-year reporting period ended 31 December 2023 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2023.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The Fund has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Note 3. Interest income

	31 December 2023	31 December 2022
	\$	\$
Mortgage loans	599,721	682,171
Bank accounts	201,800	54,768
Other financial assets	683,380	378,403
	<u>1,484,901</u>	<u>1,115,342</u>

Note 4. Non interest income

	31 December 2023	31 December 2022
	\$	\$
Other fees	<u>26,251</u>	<u>850</u>

Westlawn Income Fund
Notes to the financial statements
31 December 2023

Note 5. Cash and cash equivalents

	31 December 2023	30 June 2023
	\$	\$
Cash at bank	<u>5,811,184</u>	<u>12,074,520</u>

Note 6. Trade and other receivables

	31 December 2023	30 June 2023
	\$	\$
GST receivable	<u>13,505</u>	<u>33,772</u>

Note 7. Other

	31 December 2023	30 June 2023
	\$	\$
Accrued revenue	<u>38,347</u>	<u>38,801</u>

Note 8. Loans and advances at amortised cost

	31 December 2023	30 June 2023
	\$	\$
Mortgage loans	<u>12,544,790</u>	<u>15,280,795</u>

Note 9. Other financial assets

	31 December 2023	30 June 2023
	\$	\$
Other investments - at amortised cost	<u>16,504,455</u>	<u>10,700,000</u>

Note 10. Trade and other payables

	31 December 2023	30 June 2023
	\$	\$
Trade payables	559,818	327,663
Unitholder funds not yet issued	600,000	710,000
Distribution payable	<u>168,750</u>	<u>181,512</u>
	<u>1,328,568</u>	<u>1,219,175</u>

Unitholder funds not yet issued represents funds received from Unitholders for which the Units are yet to be issued. Generally these units are issued on the first day of the following month subject to a fully completed application form being received.

Westlawn Income Fund
Notes to the financial statements
31 December 2023

Note 11. Unitholders funds

Net assets attributable to Unitholders (liability) are represented by the following Classes of Units issued by the Fund:

	31 December 2023	30 June 2023
	\$	\$
Class 6M	1,000,000	1,500,000
Class 12M	5,014,000	1,719,000
Class 24M	23,164,713	25,964,713
Wholesale 2M	-	4,000,000
Subordinated	4,405,000	3,725,000
	<u>33,583,713</u>	<u>36,908,713</u>

The Fund is an unlisted managed investment scheme structured as a unit trust with the ability to issue multiple classes of Units. The Fund operates as a pooled managed investment scheme.

Each investor, regardless of the Class of Units held, have a proportionate beneficial interest, along with all other investors, in the assets of the Fund.

Each Class of Units will have a specified Investment Term and Target Distribution Rate.

Note 12. Distributions

Distributions paid during the financial half-year were as follows:

	31 December 2023	31 December 2022
	\$	\$
Monthly distributions paid or payable for the half-year ended 31 December 2022	-	680,877
Monthly distributions paid or payable for the half-year year ended 31 December 2023	<u>1,019,594</u>	<u>-</u>
	<u>1,019,594</u>	<u>680,877</u>

Note 13. Net assets attributable to Unitholders (Liability)

Movements in the number of units and net assets attributable to Unitholders (liability) during the current financial half-year are set out below:

	31 December 2023	30 June 2023	31 December 2023	30 June 2023
	Units	Units	\$	\$
Net assets attributable to Unitholders (Liability) at the beginning of the financial half-year	36,908,713	26,405,713	36,908,713	26,405,713
Applications	6,300,000	15,373,000	6,300,000	15,373,000
Redemptions	<u>(9,625,000)</u>	<u>(4,870,000)</u>	<u>(9,625,000)</u>	<u>(4,870,000)</u>
	<u>33,583,713</u>	<u>36,908,713</u>	<u>33,583,713</u>	<u>36,908,713</u>

Westlawn Income Fund
Notes to the financial statements
31 December 2023

Note 13. Net assets attributable to Unitholders (Liability) (continued)

The Fund is an unlisted managed investment scheme structured as a unit trust with the ability to issue multiple classes of Units. The Fund operates as a non-liquid pooled managed investment scheme.

Each Class of Units has a specified Investment Term and Unit holders do not have the right to withdraw their investment during the term of that Class. Investors will only be able to withdraw their investment at the end of their Class' investment term subject to accepting a withdrawal offer in the time frame required and sufficient funds being available to meet the withdrawals.

Capital risk management

The Fund considers its net assets attributable to Unitholders (liability) as capital. The amount of net assets attributable to Unitholders (liability) can change significantly on a daily basis as the Fund is subject to daily applications and redemptions at the discretion of Unitholders. Net assets attributable to Unitholders (Liability) are representative of the expected cash outflows on redemption.

Daily applications and redemptions are reviewed relative to the liquidity of the Fund's underlying assets on a daily basis by the Responsible Entity. In accordance with the provisions of the Fund constitution, the Responsible Entity has the discretion to reject an application for Units and is not obliged to make any withdrawal offers to Unitholders at the end of their applicable Investment Terms and may also cancel any existing withdrawal offers by notice.

The capital risk management policy remains unchanged from the 30 June 2023 Annual Report.

Note 14. Events after the reporting period

No matter or circumstance has arisen since 31 December 2023 that has significantly affected, or may significantly affect the Fund's operations, the results of those operations, or the Fund's state of affairs in future financial years.

Westlawn Income Fund
Directors' declaration
31 December 2023

In the opinion of director's of Westlawn Financial Services Limited, the Responsible Entity of Westlawn Income Fund:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Fund's financial position as at 31 December 2023 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



Mark Charles Dougherty
Chairman

6 March 2024

Independent Auditor's Review Report to the Unitholders of Westlawn Income Fund

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Westlawn Income Fund ("the Scheme") which comprises the statement of financial position as at 31 December 2023, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the half-year ended on that date, notes comprising material accounting policy information and other explanatory notes, and the directors' declaration.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Westlawn Income Fund is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Scheme's financial position as at 31 December 2023 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Scheme in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibility of the Directors for the Financial Report

The directors of Westlawn Financial Services Limited (the "Responsible Entity") are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Scheme's financial position as at 31 December 2023 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

THOMAS NOBLE & RUSSELL CHARTERED ACCOUNTANTS

Per:

A handwritten signature in dark ink, appearing to read 'R. A. Watkinson', is written over a dotted line.

R A WATKINSON (Partner)

Dated at Robina this 6th day of March 2024